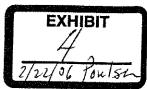
EXHIBIT 38



DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES **HEALTH POLICY & SERVICES DIVISION**



MARC RACICOT

GOVERNOR

LAURIE EKANGER DIRECTOR

PO BOX 202951 HELENA, MONTANA 59620-2951

July 30, 1997

Al Stark MedManagement I Pharmacy Road Warm springs, MT 59756

Dear Al:

In accordance with the contract between you and the Departments of Corrections and Public Health and Human Services, reimbursement to MedManagement for pharmacy services to Medicaid-eligible recipients residing in state institutions will be based on drug acquisition cost plus \$6.25 per prescription for the period August 1, 1997 to June 30, 1998.

We need to review this reimbursement methodology prior to July 1, 1998, to determine whether an increase to \$6.47 per prescription is appropriate.

Please contact me at (406) 444-2738 if you have any questions.

Sincerely,

Pharmacy Program Officer

Medicaid Services Bureau

cc: Darlene Rutledge, DPHHS

Janie Wunderwald, Department of Corrections

Terry Krantz

7.2.24.2

MT 018455

PHONE: (406) 444-4540 FAX: (406) 441-1861